Chicago, IL - Senator Richard Durbin and Congresswoman Melissa Bean today urged Illinois small business owners facing credit problems to consider the U.S. Small Business Administration's lending programs, and announced the imminent start of a new loan program to help businesses pay down their debt.

After meeting with local small businesses and officials from the SBA, Bean (IL-08) and Durbin (IL) said the small business provisions contained in the American Recovery and Reinvestment Act have had a measurable benefit to small businesses working to retain and create jobs during the economic slump.

"In conversations I've had across my district, access to capital has been the ongoing top concern for small businesses. Congress has acted to address those concerns." Bean said. "Our changes have made the 7(a) loan and 504 programs more accessible, and put $4 billion of new loans into the small business community. Small businesses drive roughly 80 percent of job creation in the country, so these programs are vital for our economic recovery. We're here today to encourage area businesses to become familiar with the credit resources available from the SBA."

"The funding in the Recovery Act has helped several small businesses to avoid layoffs and pursue growth opportunities," Durbin said. "Lenders need to maintain the flow of credit to Illinois small businesses and work with their clients to maximize the impact of SBA programs. Our small businesses can be the catalyst for economic recovery, but they will struggle without access to capital."

"The SBA is very pleased that small businesses all across Illinois are taking advantage of new incentives available as a result of the American Recovery and Reinvestment Act," said Judith A. Roussel, SBA Region V Acting Administrator and Illinois District Director. "We are using every tool in our tool box to get credit flowing to small businesses to help them through these tough economic times."

Last fall's credit crunch was felt deeply by small business owners, many of whom saw available credit dry up through no fault of their own, exactly at the time it was needed most to weather the economic slump. In September 2008, the secondary market for SBA loans bought an average of $328 million of loans from lenders per month. That dropped to below $100 million a month by

January, making it difficult for banks and other lenders to offer credit to small businesses.

The American Recovery and Reinvestment Act, supported by both Durbin and Bean, made vital changes to SBA loan programs, reducing fees for lenders and borrowers on the 7(a) and 504 loan programs and increasing government guarantees on 7(a) loans from 75 and 85 percent to as high as 90 percent. As a result, since February, the SBA has helped support $4.3 billion in small business lending, and weekly loan volume approval volumes have increased by over 30 percent.

During a later visit to the White House, the New Democrat Coalition, in which Bean serves as Vice-Chair, personally urged President Obama to address the frozen secondary market for SBA loans, which provides a crucial source of liquidity to small business lenders. The Administration subsequently pledged $15 billion in Treasury funds in March to reenergize that market for SBA loans, which helped boost lender confidence. An improved 7(a) secondary market, in which volume has doubled from its low point to $185 million in April, has helped support increased lending to small businesses

With guidelines finalized today, the SBA is poised to make $35,000 ARC loans available starting on June 15th. The ARC program reflects a priority that Bean and House Small Business Committee Chairwoman Nydia Velázquez (NY-12) have been advocating for since last year by providing loans to viable businesses to restructure their existing debt. ARC loans are interest-free to the borrower, 100 percent guaranteed by SBA, and have no SBA fees associated with them.

“Many long-standing profitable businesses have recently seen their credit lines diminished or eliminated,” Bean said. “ARC loans can provide an opportunity to pay down high-interest debt so businesses can cover operational expenses and payroll through these challenging economic times.”